

Message Text

LIMITED OFFICIAL USE POSS DUPE

PAGE 01 STATE 293478

74-60

ORIGIN EB-07

INFO OCT-01 IO-13 ISO-00 TRSE-00 AF-08 ARA-06 EA-07 EUR-12

NEA-10 AID-05 OMB-01 USIE-00 L-03 FRB-03 ITC-01 SP-02

AGRE-00 CIAE-00 COME-00 INR-07 LAB-04 NSAE-00 OIC-02

SIL-01 STR-04 CIEP-01 CEA-01 INRE-00 /099 R

DRAFTED BY EB/IFD/ODF:RDKAUZLARICH:JPS

APPROVED BY IO:RDMOREY

IO/IEP:PDWYMAN

EB/IFD/ODF:JABWINDER

TREASURY:BZINMAN

IO/IEP:PRCHAVEAS

EB:EHPREEG

----- 075556

O R 020053Z DEC 76

FM SECSTATE WASHDC

TO USMISSION USUN NEW YORK IMMEDIATE

INFO USMISSION GENEVA

USMISSION OECD PARIS

USMISSION EC BRUSSELS

LIMITED OFFICIAL USE STATE 293478

E.O. 11652: N/A

TAGS: EGEN, UNGA, ECOSOC, EFIN, IBRD

SUBJECT: 31ST UNGA; AGENDA ITEM 12--DRAFT RESOLUTION ON
IBRD AND IDA

REF: USUN 5632

SUMMARY: WE HAVE REVIEWED THE TEXT AND FOUND A NUMBER OF
UNACCEPTABLE POINTS. THE SECTION ON IDA WHILE LESS
OFFENSIVE THAN THAT ON THE IBRD MUST BE CHANGED TO UNDER-
LINE THE IMPORTANCE TO IDA V OF SUPPORT BY ALL DONORS; TO
REMOVE MENTION OF AN IDA V SIZE; AND TO AVOID MENTION OF
LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 02 STATE 293478

AGREEMENT ON BRIDGING ARRANGEMENTS SINCE THESE MAY
ULTIMATELY PROVE UNNECESSARY. AS PROPOSED, THE G-77 DRAFT

ON THE IBRD IS TOTALLY UNACCEPTABLE. IT DOES NOT TAKE ACCOUNT OF THE SIGNIFICANT PROGRESS MADE ON THE IBRD SELECTIVE CAPITAL INCREASE OR THE IMPORTANT RELATIONSHIP BETWEEN A SOUND FINANCIAL STRUCTURE AND FUTURE IBRD LENDING. WE ARE NOT IN A POSITION TO MOVE MUCH BEYOND THE GUIDANCE PROVIDED BELOW, GIVEN THE FIRM USG POSITIONS TAKEN ON THESE ISSUES IN A NUMBER OF OTHER INTERNATIONAL FORUMS. OUR SUPPORT FOR THE BANK AND IDA HAS BEEN AND REMAINS STRONG. HOWEVER, WE ARE NOT PREPARED TO SUPPORT MEASURES THAT WOULD WEAKEN THE FINANCIAL STRUCTURE OF THE BANK OR FAIL TO RECOGNIZE THE IMPORTANT BURDEN WHICH THE OPEC COUNTRIES MUST ASSUME IN SUPPORTING BOTH THE IBRD AND IDA.

1. THE PREAMBULAR PARAGRAPHS PRESENT NO PROBLEM.

2. INTERNATIONAL DEVELOPMENT ASSOCIATION. OP PARA 1 IS ACCEPTABLE. OP PARA 2 WILL BE ACCEPTABLE IF THE WORDS "DEVELOPED COUNTRIES" ARE CHANGED TO READ "COUNTRIES IN A POSITION TO DO SO." WHILE OP PARA 3 IS ACCEPTABLE, OP PARA 4 IS UNACCEPTABLE UNLESS THE WORDS "AT THE DOLS 10 MILLION (SIC) LEVEL" ARE OMITTED. HOWEVER, IF PRESSED ON THIS, WE WOULD BE WILLING TO INSERT "AT A SIGNIFICANTLY HIGHER LEVEL THAN IDA IV." SINCE THE EVENTUAL SIZE OF IDA V IS THE SUBJECT OF INTENSE INTERNATIONAL NEGOTIATIONS, IT WOULD BE PREMATURE FOR THE RESOLUTION TO INSERT A LEVEL FOR THE REPLENISHMENT. IT IS UNCERTAIN WHETHER BRIDGING ARRANGEMENTS WILL IN FACT BE NECESSARY. THEREFORE, OP PARA 5 SHOULD READ: "URGES THAT DONOR COUNTRIES CONSIDER ARRANGEMENTS TO INSURE THAT THE COMMITMENT...."

3. INTERNATIONAL BANK FOR RECONSTRUCTION AND DEVELOPMENT. OP PARAS 6-8 ARE UNACCEPTABLE. THEY FAIL TO TAKE ACCOUNT OF THE SUBSTANTIAL PROGRESS THAT HAS TAKEN PLACE WITH THE PROPOSED DOLS 8.3 BILLION IBRD SELECTIVE CAPITAL INCREASE OR THE IMPORTANT ROLE OF ALL DONOR COUNTRIES IN ANY FUTURE GENERAL CAPITAL INCREASE. FURTHER, THE RESOLUTION FAILS TO ADEQUATELY LINK THE IMPORTANCE OF A SOUND FINANCIAL STRUCTURE TO SOFTER LENDING TERMS. ONLY BY MINIMIZING LIMITED OFFICIAL USE
LIMITED OFFICIAL USE

PAGE 03 STATE 293478

BANK BORROWING AND OPERATING COSTS THROUGH FINANCIAL PRUDENCE CAN THE IBRD LOWER ITS LENDING COSTS. AN EXPANSION IN BANK LENDING, AS CALLED FOR BY MCNAMARA, PRIOR TO ANY GOVERNMENTAL AGREEMENT ON THE SIZE OF FUTURE BANK RECAPITALIZATION AND/OR OTHER APPROPRIATE FINANCIAL MEASURES WOULD IMPERIL THE BANK'S FINANCIAL STRUCTURE. THEREFORE, THIS SECTION SHOULD READ AS FOLLOWS:

"6. NOTES THE PROGRESS BEING MADE TOWARD ADOPTION OF THE PROPOSED SELECTIVE CAPITAL INCREASE AND THE IMPORTANCE OF

THIS INCREASE TO MAKING INCREASED IBRD RESOURCES AVAILABLE TO THE DEVELOPING WORLD; 7. URGES ALL COUNTRIES PARTICIPATING IN THE SELECTIVE CAPITAL INCREASE TO PROMPTLY UNDERTAKE APPROPRIATE ACTION THAT WILL ALLOW THE BOARD OF GOVERNORS TO PROMPTLY APPROVE THE INCREASE BEFORE JUNE 1977; AND 8. CONSIDERS IT ESSENTIAL THAT IN ORDER TO MEET THE NEEDS OF THE DEVELOPING COUNTRIES THAT THE IBRD MAINTAIN A SOUND FINANCIAL STRUCTURE TO INSURE CONTINUED IBRD ACCESS TO WORLD CAPITAL MARKETS SO THAT LENDING RATES CAN BE AS SOFT AS POSSIBLE CONSISTENT WITH IBRD BORROWING AND OPERATING COSTS."

4. WE DO NOT BELIEVE THAT THE G-77 RESOLUTION IS THE APPROPRIATE MECHANISM FOR ADDRESSING THE QUESTION OF A GENERAL CAPITAL INCREASE FOR THE BANK. THE USG WILL BE REQUESTING APPROPRIATIONS IN EARLY 1977 FOR A SUBSTANTIAL US SHARE OF IDA V AND OUR PARTICIPATION IN THE SELECTIVE CAPITAL INCREASE. OUR SUPPORT FOR THESE TWO REPLENISHMENT EXERCISES UNDERLINES THE IMPORTANCE WHICH WE ATTACH TO THE WORLD BANK GROUP. OPENING THE GENERAL CAPITAL INCREASE QUESTION AT THIS TIME COULD JEOPARDIZE OUR CHANCES OF OBTAINING THESE SIGNIFICANT APPROPRIATIONS. IF PRESSED WE WOULD BE WILLING TO AGREE TO THE FOLLOWING LANGUAGE: "CALLS UPON ALL MEMBER COUNTRIES TO PARTICIPATE WITH THE WORLD BANK IN A SERIOUS DIALOGUE ABOUT THE FUTURE ROLE OF THE IBRD WITH A VIEW TOWARD GOVERNMENTAL AGREEMENT AT A SUITABLE TIME ON A FURTHER INCREASE IN IBRD CAPITAL AND/OR OTHER APPROPRIATE FINANCIAL MEASURES THAT WILL ALLOW THE IBRD TO MAINTAIN ITS ROLE AS AN EFFECTIVE DEVELOPMENT FINANCE INSTITUTION." ROBINSON

LIMITED OFFICIAL USE

NNN

Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: ECONOMIC DEVELOPMENT, DEVELOPMENT BANKS, UNGA RESOLUTIONS
Control Number: n/a
Copy: SINGLE
Draft Date: 02 DEC 1976
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: ElyME
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1976STATE293478
Document Source: CORE
Document Unique ID: 00
Drafter: RDKAUZLARICH:JPS
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Film Number: D760445-0947
From: STATE
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1976/newtext/t19761278/aaaacptj.tel
Line Count: 144
Locator: TEXT ON-LINE, ON MICROFILM
Office: ORIGIN EB
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 3
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: n/a
Reference: 76 USUN NEW YORK 5632
Review Action: RELEASED, APPROVED
Review Authority: ElyME
Review Comment: n/a
Review Content Flags:
Review Date: 12 APR 2004
Review Event:
Review Exemptions: n/a
Review History: RELEASED <12 APR 2004 by ellisoob>; APPROVED <02 AUG 2004 by ElyME>
Review Markings:

Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
04 MAY 2006

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: 31ST UNGA: AGENDA ITEM 12--DRAFT RESOLUTION ON IBRD AND IDA
TAGS: EGEN, EFIN, UNGA, ECOSOC, IBRD
To: USUN NEW YORK
Type: TE
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006